

Benevolent Judgment and Actions - TransAtlantic Cooperation and Commerce

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It is a privilege to be here tonight as your guests and friends. I thank the Herbert Quandt Foundation and everyone who has made us feel welcome.

Our visit today has been brief but I believe it will have long term benefits. I am optimistic, because today's visit reconfirms a relationship between our states that is rooted in a common past and sustained by a common destiny. Tonight's conversations are shaping that destiny.

I have been asked to comment on "Innovation, TransAtlantic Cooperation and Commerce." These are topics raised by the Herbert Quandt Foundation as it invites a new generation of leaders to appreciate, and develop, our TransAtlantic interests. They also are topics of interest to my administration.

In the last 12 years, Wisconsin has been recognized for innovations in welfare reform, education, government efficiency and technology. Our economic growth is exceptional and now Wisconsin is both the economic Star of the Snowbelt and the Laboratory of Democracy many look to for leadership.

Nevertheless, no nation and no state; no economic sector and no company, can be complacent in today's world.

Indeed, because Wisconsin exports some \$11 billion annually, I must be in touch with the business world and the world's business. As Governor, my duty is to help the world know Wisconsin is a trading partner and a partner in social progress.

In speaking to you, several factors blend the topics I have been assigned:

The first factor is the reality that commerce has no borders and trading hours have no end;

Second, often it's easier for free states to cooperate and innovate than nation-states;

Third, business management systems can efficiently, effectively and voluntarily accomplish social goals;

Fourth, states like Bavaria and Wisconsin can change the world because they are small enough to manage and large enough to matter.

Indeed, an idea that is shared at the right time, and with the right people, can change the world. This is what happened with welfare reform, which began in Wisconsin.

So it is possible that the Bavarian-Wisconsin Regulatory Reform Working Partnership also can change the world. The principle behind our agreement is simple: think ecologically and act economically. Put another way, society should use the principles of commerce, tools of business and voluntary spirit to protect the environment.

This agreement is unique because it brings together business, government and non-government sectors to focus on common ecological and economic goals. It also is unique because it invites participants to be cooperators rather than enemies, and TransAtlantic partners rather than TransAtlantic strangers. It is an agreement that is ambitious, innovative, results-driven and built on a foundation of trust.

How will trust be built? And how will this innovation happen? This is what we will learn in the course of the project. The course of change is never precise, and innovation has no blue-print.

In addressing today's topic of innovation, I will share the guideposts we used to develop our partnership. The guide-posts are simple, and can be applied to daily life as well as TransAtlantic thinking:

Guidepost #1: Know your strengths and assets! Successful innovation requires that we know what we do best.

For example, Bavaria and Wisconsin are unique communities of interest, with histories of innovation, quality education, good government and solid public infrastructure.

After 150 years, Wisconsin still is recognized for its quality of life, good government and efficient services. The Economist sees Wisconsin as a seed bed of innovation.

Bavaria, too, has a history of competency in commerce and governance. Otto von Bismark said: "Bavaria is (a) German state that has ... a real and contented national feeling due to its material significance ... and the talents of its rulers."

Both states value the intellectual capital of their universities, businesses and citizens. Our cultures support learning in the home, school, business and community. These assets will be especially vital in the third millennium.

Guidepost #2: Know the problem! Successful innovation requires accurately defining the problem.

One way to find the root cause of a problem is to ask "why?" five times so you attack the real problem, not the symptoms.

An example of going to a problem's root cause is our approach to absent fathers. First, we pursued fathers who were delinquent in child support payments. Now we are going to the root cause by helping fathers stay with their families and tend to their responsibilities.

Guidepost #3: Be bold and prudent! Successful innovators must think boldly.

Top management often gets bonuses for innovation, but rewards should be available to all employees. Unfortunately, the government system favors the status quo. So government managers who want innovation must provide incentives for creative thinking.

At the same time, innovators must be prudent. They must ask tough questions and anticipate unintended consequences.

Guidepost #4: Be benevolent! Successful innovators in all organizations can apply a benevolence test that helps them to do the "right thing."

Benevolent ideals can benefit workers, family, customers, neighbors, future generations or nature itself

Products, processes and services all affect people and they should put them at unacceptable risk in the workplace or marketplace, even though we must remember that life is not risk-free.

Benevolent decisions help a business honor its social franchise in a way that makes business-sense. For example, redesigning a product so it is safer and reduces legal exposure.

A benevolent innovator's goal is to do "the right things, right." That's what we did in welfare reform when we tapped business, government and non-government organizations to help recipients become self-reliant. We worked together to provide jobs, training, child care, transportation, health care and counseling.

Guidepost #5: Connect the parts! Successful innovators know how things are connected and integrated.

Business and government both practice quality improvement through systems thinking. Knowing the connections means knowing how people relate; how material, energy and labor make a product; how a supply chain works and how people and the natural environment are affected.

>Unfortunately, some environmental rules discourage an integrated approach. Regulatory innovation efforts must address that shortcoming.

Guidepost #6: Timing is everything! Successful innovation happens with good timing.

An appreciation for timing and its consequence applies to all sectors of society, all of which are changing.

A business example is the consolidation in the transportation, forest products, communications, energy and financial sectors. Another is greater use of supply chain management and industrial ecology. The timing of these changes, along with government reinventing, presents an opportunity for innovation because the "tipping point" of change is occurring simultaneously in business and government.

Given these guideposts, how can innovation be implemented? How can institutions like Quandt and states like Wisconsin promote innovation? As leaders, we see four challenges:

Challenge #1: Create the culture. Organizational and social culture must support innovation and see change as a friend.

Leaders must credibly and effectively communicate about change. This is difficult in risk-adverse cultures like government. Reaching out opens a dialogue that builds trust and allows individuals to adapt to change and commit to innovation.

In the last 12 years, I have promoted a culture of economic growth, creativity and enhanced quality of life. This culture has produced support for education, economic development, recreational land purchase and efficient government.

Challenge #2: Foster candid dialogue. Good dialogue needs settings that are conducive to trust.

We see the value of settings such as the Wye River and Wingspread where atmospheres facilitate a dialogue capable of producing peace treaties and environmental consensus.

Innovation that affects business, government and public interest sectors is best discussed face to face with participants setting their biases in favor of the common good.

Financial support is needed for these processes and I encourage foundations to see the Regulatory Reform Partnership as an opportunity to help us build trust that produces results.

Challenge #3: Share success stories. Research shows that productivity and innovation are facilitated by sharing best practices.

Innovations such as the World Wide Web create opportunities for sharing these stories. Many companies can transfer innovations and best practices through their system and supply chain. We need more of this information sharing by facility, by firm, by business sector, by supply chain and by professional or trade group.

Bavaria and Wisconsin can share innovations, success stories and advice. With a stronger European Union and emergence of states in the U.S., we can influence greater Europe and the entire U.S., sometimes acting alone and sometimes together.

Challenge #4: Show courage. Leadership is not for the meek. Bavaria and Wisconsin have environmental agencies with excellent records of leadership and innovation. These attributes are not uniform, however, even in excellent organizations. So agency leaders must persist in the implementation of government innovation.

In the private sector, lawyers may protect the command and control system because they prefer litigation to cooperation. Business leaders need courage to change, too.

Within non-government organizations, change also is feared, especially when it means cooperating with interests that in the past were opponents. Experts like Peter Drucker say the third millennium is the century of the voluntary sector. New models will invite voluntary organizations to assume duties once reserved for others, including government. This sector will have much to say whether self-responsibility and voluntary, benevolent actions have an opportunity to succeed or fall victim to fear of innovation and suspicion.

These days, the public often wants a phrase to describe an idea. For example, "Wisconsin Works" or W2 means welfare reform back home.

So I would ask what few words describe a vision where the vast majority in the private sector simply did "the right thing," without intrusive government?

I propose the words "benevolent commerce." The concept of "benevolent commerce" affirms the role of free enterprise in enhancing the standard of living in the developed, developing and former Communist worlds. But it also declares that the worth of a company is better calculated by measuring its value in terms of posterity along with profitability.

"Benevolent commerce" allows a company to get credit, or perhaps government credits, for voluntarily protecting the environment in a superior way, for freely sharing its innovations on workplace safety with an entire business sector, or for helping a nation recover from a hurricane.

"Benevolent commerce" would do a number of things: It would celebrate the virtues of Adam Smith's commercial society while encouraging what he called the business "socializing function";

It would answer the challenge of Prof. Amitai Etzioni to engage citizens and institutions in doing "more for others and the community as a whole";

And it would build on Prof. Dan Esty's observation that economic interdependence creates and promotes ecological interdependence.

(I would observe that Both Prof. Etzioni's and Prof. Esty's points were made at a Quandt Foundation TransAtlantic forum ... Adam Smith could not attend.)

It is true that "benevolence" is not easy to measure, verify and report. Indeed, civic virtue is in the eyes of the beholder. Nevertheless, as Quandt Foundation TransAtlantic Forums have noted, new ideas from new leaders are emerging and it is their destiny to meet this challenge.

Business philosopher Charles Handy says the spirit of this new generation of leaders is hungry for purpose. If that is true they should be eager to produce the measures, create the structures, and design the systems that satisfy that hunger.

In closing, I want to focus on my people back home and our relationship with you, our TransAtlantic neighbors, as we explore our common destiny:

Some four generations ago, Wisconsin and Germany gained international attention for innovation in government, education, commerce, agriculture and natural resource conservation.

In the book "Wisconsin: An experiment in Democracy," Frederic C. Howe said "Wisconsin is doing for America what Germany is doing for the world" by creating an educated commonwealth dedicated to experimentation and progress.

Those innovations became "The Wisconsin Idea" and a book by that name attributed much of Wisconsin's success to the German immigrants whose ideals Charles McCarthy said "were as high as any people who ever came to America."

Innovative ideas and high ideals: These words describe the underpinnings of the Working Partnership Minister Schnappauf and I have signed.

But even though our words and intentions parallel those from our common past, we must take care. We cannot confuse lessons of the past with the actions needed for our future.

History is closing its pages on the second millennium. And history has recorded tremendous innovations in the agricultural, industrial and information ages.

The blank pages of the third millennium are before us. We are challenged to fill these pages with innovations that deliver on the full promise of the biological age.

However, we are equally obliged to fill these pages with benevolent judgments and actions that assure dignity for humans and are at peace with the earth.

Yes, we are confident that our innovations will bring prosperity and progress in the new millennium. But we are equally confident that our children will measure our legacy - and our god will judge our actions - by another currency and by a higher standard. It will be that timeless standard of stewardship, as we are stewards ... stewards of all we were given and trustees of all we bequeath.